

In the Matter of)	No. G 97 - 57
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
FRATERNAL BENEFICIAL)	AND ORDER ADOPTING REPORT
ASSOCIATION,)	OF EXAMINATION
A licensed fraternal benefit society.)	

BACKGROUND

An examination of the financial condition of **FRATERNAL BENEFICIAL ASSOCIATION** (the Company) as of December 31, 1995, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The Company holds a Washington license as a fraternal benefit society. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and comments and recommendations was transmitted to the Company for its comments on September 29, 1997.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 4 through 12 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as

the final report of the financial examination of **FRATERNAL BENEFICIAL ASSOCIATION**

and to order the company to take the actions described in the Comments and Recommendations sections of the report. The recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Comments and Recommendations contained in the examination report on page 3:

1. It is recommended that the Company implement strict guidelines for claim documentation that clearly and conclusively establish losses, as noted in Comment and Recommendation (1) of the examination report.
2. It is recommended that the Company require independent loss appraisals for relatives of district Association Appraisers, as noted in Comment and Recommendation (1) of the examination report.
3. In the absence of annual independent certified audits, it is recommended that the Company's Executive Committee establish an audit committee to review Association Accounts and records at least annually, as noted in Comment and Recommendation (2) of the examination report.
4. It is recommended that the Company enter into a formal written contract with L.C. Accounting Services that details the services rendered to the Company and the reimbursement methodology for those services, as noted in comment and Recommendation (3) of the examination report.

ENTERED at Lacey, Washington, this 31st day of December, 1997.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division